

**BEST AVAILABLE COPY****REMARKS**

In the Office Action, the Examiner rejected Claims 1-11, 13-17 and 19-22, which were all of the then pending claims, under 35 U.S.C. 103 as being unpatentable over the prior art. In particular, Claims 1, 2, 5, 7, 8, 11, 13, 14, 17 and 19-22 were rejected as being unpatentable over U.S. Patent 5,351,302 (Leighton, et al.) in view of U.S. Patent 5,903,652 (Mital); and Claims 3, 4, 9, 10, 15 and 16 were rejected as being unpatentable over Leighton, et al. and Mital and further in view of U.S. Patent 5,850,442 (Muftic).

Independent Claims 1, 7, and 13 are being rephrased to better emphasize the differences between the claims and the prior art. Also, new Claim 23, which is dependent from Claim 1, is being added to describe a preferred feature of the invention, and Claim 14 is being cancelled to reduce the number of issues in this case.

Claims 1-11, 13, 15-17 and 19-22 patentably distinguish over the prior art because the prior art does not show or suggest using the owner of a title to sign that instrument in the manner described in independent Claims 1, 7 and 13. Specifically, the references do not disclose or suggest using the owner/transferor, when the title is being transferred, to sign the title by appending a message to the title, using a public signature scheme of the owner, where that message includes the public signature scheme of the transferee.

The present invention provides a secure, reliable system to establish and to manage electronic titles for financial instruments. As explained in detail in the present application, in order to develop a mechanism to transfer titles electronically, several problems or issues need to be resolved. These problems include: to prevent the creation of illegitimate title; to prevent fraudulent sales; the owner needs to be able to show

ownership; ensuring legitimacy of sales; confidentiality; anonymity; and custodial ownership needs to be enabled.

The present invention effectively addresses these issues by a unique involvement of three parties – the owner, the transferee (such as a buyer), and a third party emitter. More specifically, in accordance with the preferred embodiment of the present invention, the third party emitter issues the title for the financial instrument; and the title includes (i) a message describing the title and how to contact the owner, and (ii) a digital signature of the owner. When the owner wants to transfer the title to another person, the owner, using his or her public signature scheme, appends a message to the title, and this message includes a public part of a signature scheme of that other person.

The references of record do not disclose or suggest this same type of three-party involvement. In particular, the prior art does not disclose or suggest the above-described role of the owner.

In particular, Leighton, et al. discloses a system for preventing counterfeiting or otherwise illegal use of documents. In this system, a title is provided with an identifier uniquely associated with the personal or real property that is the subject of the title, and information directly or indirectly identifying the owner of the property.

In the Office Action, the Examiner asserted that Leighton, et al. discloses, in column 2, lines 51-68, the owner appending to the title a public part of a signature scheme of the transferee. Applicants respectfully disagree. This portion of Leighton, et al. discusses digital signatures and public-key cryptosystems, and how a digital signature can be used to bind information to a title. There is no teaching or suggestion in this portion of Leighton, et al. (or in any other portion of this reference), though of having the

owner, using his or her public signature scheme, append a message to the title, where this message includes a public part of a signature scheme of the transferee.

Mital, Muftic, and Arbaugh, et al. also do not show or teach this feature of the present invention.

For instance, Mital, discloses an e-commerce transaction system. In this system, various people at various locations input and process data to effect a transaction; and, in this system, digital signatures and encryption are used to keep the transaction secure.

Muftic discloses a network for electronic business transactions. In this network, digital signatures and encryption are also used to maintain the transaction secure. Arbaugh, et al. was cited for its disclosure of a specific cryptographic generator.

None of these references teach having the owner, using his or her public signature scheme, append a message to the title, where this message includes a public part of a signature scheme of the transferee.

Independent Claims 1, 7 and 13 are herein being rephrased to emphasize this difference between the claims and the prior art. In particular, each of these claims describes the feature that, when the owner transfers the title to another person, the owner appends a message to the title to sign the title, using a public signature scheme of the owner, where this message includes a public part of the signature scheme of that other person, and signs the title.

This feature of the invention is of utility because it helps the owner establish the new ownership. This helps future, potential buyers determine the legitimacy of ownership of the title.

The other references of record have been reviewed, and these other references, whether considered individually or in combination, also fail to disclose or suggest having the owner act in the manner described in Claims 1, 7 and 13.

Because of the above-discussed differences between Claims 1, 7 and 13 and the prior art, and in light of the advantages associated with these differences, Claims 1, 7 and 13 patentably distinguish over the prior art and are allowable. Claims 2-6 and 19-23 are dependent from Claim 1 and are allowable therewith. Likewise, Claims 8-11 are dependent from, and are allowable with, Claim 7; and Claims 15-17 are dependent from Claim 13 and are allowable therewith. Accordingly, the Examiner is respectfully asked to reconsider and to withdraw the rejections of Claims 1-11, 13, 15-17 and 19-22 under 35 U.S.C. §103, and to allow these Claims and new Claim 23.

For the reasons discussed above, the present application is now in condition for allowance, a notice of which is requested. If the Examiner believes that a telephone conference with Applicants' Attorneys would be advantageous to the disposition of this case, the Examiner is asked to telephone the undersigned.

Respectfully Submitted,

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